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SUBJECT: PARAGUAY: DUARTE SHIFTS CABINET AGAIN

Classified By: DCM Michael Fitzpatrick; Reason 1.4(b),(d).

¶1. (U) SUMMARY: President Duarte's Secretary, Carlos Liseras, announced August 21 a Presidential reorganization of the cabinet. Three of Duarte's cabinet ministers are out: Foreign Minister Leila Rachid is replaced by Ruben Ramirez Lezcano; Minister of Industry and Commerce Raul Vera Bogado is replaced by Jose Maria Ibanez; and Agriculture Minister Carlos Abel Santacruz is replaced by Ricardo Garay Arguello. In addition, Duarte replaced three additional executive office officials. The appointment of a well-respected career officer as Foreign Minister is a positive sign. Ditto the selection of a capable administrator for Agriculture. Initial soundings regarding the new Industry and Commerce Minister, however, are more cautionary. END SUMMARY.

¶2. (C) FOREIGN AFFAIRS: Foreign Minister Leila Rachid is replaced by Ruben Ramirez Lezcano, the current Vice Foreign Minister for Economic Affairs and Integration. (NOTE: FM Rachid, previously Paraguay's Ambassador to Washington, will become Ambassador to the United Nations in New York. END NOTE.) Ramirez is a career diplomat and has represented Paraguay in six different countries, including positions at the UN in New York and the World Trade Organization in Geneva. Post contacts with Ramirez have been positive and he presents himself in a thoroughly professional way. He is highly respected within the Foreign Ministry as both an effective administrator and personable colleague. In 2006, he was selected as a Young Global Leader by the Forum of Young Global Leaders.

¶3. (C) INDUSTRY/COMMERCE: Minister of Industry and Commerce Raul Vera Bogado is replaced by Jose Maria Ibanez, the former private secretary of President Duarte. A senior-level Ministry contact of the Econ Couns appeared pessimistic about the change and viewed Ibanez as very close to the President and politically connected. Though Ibanez might use his political weight to bring attention and resources to the Ministry's agenda, the fear is that he will featherbed the Ministry with political cronies. (NOTE: The source also said the previous political appointment of Vice Minister Johnny Ojeda is not going well within the Ministry. Ojeda has been circumventing her authority by speaking directly with various directors, under her authority, to try to fill positions with unqualified candidates. END NOTE.)

¶4. (C) A private sector contact was even more decisive in seeing the Ibanez appointment as a negative development. He saw Vera as accessible, competent and honest. He also knows Ibanez -- and stated that he has none of those attributes.

¶5. (C) AGRICULTURE: Minister of Agriculture Carlos Abel Santacruz is being replaced by Ricardo Garay Arguello. Garay is the brother of Graciela Garay, the former American Airlines general manager in Paraguay. The private sector contact views the change as positive but acknowledged that the ministry is highly politicized, and the inability to

navigate the political realities has led to the demise of several past ministers. Garay will have his hands full.

¶6. (U) FURTHER SHIFTS: Duarte made other administrative changes including: replaces Benigno Rojas Diaz with Nelson Alcides Mora as government attorney for Patrimonial Affairs; Liz Rossana Cramer replaces Maria Evanhy de Gallegos as National Tourism Secretary; and Omar Pico Insfran replaces Fabiana de Sanchez as the President of the National Navigation and Ports Administration (ANNP).

¶7. (C) COMMENTS: A cabinet reshuffle had been anticipated, as President Duarte completes his third year in office this month. FM Rachid,s departure has been rumored for many months, and her desire to move on to New York was an open secret here. Still, her just-concluded trip to Washington -

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and coming home empty-handed - may have been the final straw, as both she and Minister Vera were repeatedly criticized for "failure to deliver."

¶8. (C) COMMENTS (Cont.): We can expect Foreign Minister Ramirez to be more responsive in dealing with issues of interest to us; even if/when he disagrees with the USG position, he will likely let us know directly where we stand.

Post also expects more changes in the military ranks, considering the long-pending promotion lists. Indeed, the continued presence of General Jose Kanazawa as Commandant of the Armed Forces is part of the reason the opposition will not consider the stalled promotions of other officers. It is perhaps noteworthy that Liseras, when making the personnel announcement, affirmed that Defense Minister Roberto Gonzalez would stay on, was silent as to Kanazawa,s fate. END

COMMENT.

CASON